



***Program Compliance Office  
Cal Grant / Specialized Program Review Report***

***2000-01 Award Year***

**University of San Diego  
Program Review ID#80201039500**

**5998 Alcala Park  
San Diego, CA 92110-2492**

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**Program Review Dates:** 11/12/2002 - 11/15/2002

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## AUDITOR'S REPORT

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### SUMMARY

We reviewed University of San Diego administration of California Student Aid Commission (Commission) programs for the 2000-2001 award year.

The institution's records disclosed the following deficiencies:

- Non-Compliance with the Web Grants Information Security/Confidentiality Agreement
- Incorrect Renewal Unmet Need Reported
- Reconciliation Not Completed

### BACKGROUND

Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants	A, B, and T
Specialized Programs	Law Enforcement Personnel Dependents Grant Program (LEPD)
	State Work-Study Teaching Intern Program

The following information, obtained from the institution and Commission database, is provided as background on the institution:

#### A. Institution

- Type of Organization: Private Institution of Higher Education
- Chancellor: Alice B. Hayes
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 7,000

#### B. Institutional Persons Contacted

- Judith Lewis Logue: Director of Financial Aid
- Lisa Bach: Assistant Director of Financial Aid
- Marge Costanzo: Bursar

#### C. Financial Aid

- Date of Prior Commission Program Review: February 21-23, 1995
- Branches: None
- Financial Aid Programs: Federal: Pell, SEOG, Perkins, Work-Study, Family Education Loan, Direct Loan  
State: Cal Grant A, B, and T; Law Enforcement Personnel Dependent, State Work-Study Teaching Intern
- Financial Aid Consultant: None

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## AUDITOR'S REPORT (continued)

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### OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review will focus on, but not be limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility and Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 40 Cal Grant recipients who received a total of 38 Cal Grant A awards, 1 Cal Grant B award, and 1 Cal Grant T award within the review period. The program review sample was randomly selected from the total population of 679 recipients.
- Review the records and for 14 Specialized Program recipients that included 13 State Work-Study awards and 1 Law Enforcement Dependent Personnel award within the review period. The review sample included all students awarded during 2000-01.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institutions management controls only to the extent necessary to plan the review.

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## AUDITOR'S REPORT (continued)

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY  
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

**CONCLUSION**

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on November 21, 2002. The institution responded to the findings on April 8, 2003 with corrective actions.

November 21, 2002

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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**A. GENERAL ELIGIBILITY:**      **FINDING: Non-Compliance with the Web Grants Information Security/Confidentiality Agreement**

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

**DISCUSSION:**

The Agreement states that the institution will notify the Commission in writing within five (5) working days to cancel the password and ID of any employee who ceases employment or whose duties change in any way that would alter his/her authorized need for access.

CSAC was not notified that two former Financial Aid Office employees were no longer employed at the school. The Assistant Financial Aid Director could not locate evidence that the school requested that the two former employees be deleted from the WebGrants system.

**REFERENCES:**

Institutional Agreement, Article II.E  
Information Security and Confidentiality Agreement  
Commission Special Alert, GSA 2000-01, 1/19/00

**REQUIRED ACTION:**

No liability resulted from the above finding; however, the institution must provide a copy of the written notification to Commission that deletes the two staff members that are longer employed at the Financial Aid Office. In addition, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Commission Information Security and Confidentiality Agreement.

**AUDITOR REPLY:**

The institution supplied written administrative procedures and controls to address employees that cease employment or whose duties change this action is deemed acceptable and no further action is required.

**D. ROSTERS AND REPORTS**      **FINDING: Incorrect Renewal Unmet Need Reported**

A review of 40 Cal Grant student records revealed that for 1 renewal recipient the school reported an incorrect renewal unmet need amount on the grant roster.

**DISCUSSION:**

For renewal students, schools must calculate a student's unmet need and report that figure to the Commission, retaining the supporting documentation within the student's

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## FINDINGS AND REQUIRED ACTIONS (continued)

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record. Schools may use the Commission's annually established student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting net unmet need amount on the Grant Roster or the Commission G-21 letter so the student's maximum Cal Grant award determination is correct. Net unmet need is defined as student's cost of attendance (COA) minus the expected family contribution (EFC) and Pell grant.

For student No. 31, the institution reported \$21,003 as the Cal Grant renewal unmet need on the grant roster. However, the Assistant Director of Financial Aid indicated that this was a data entry error and the renewal unmet need amount should have been \$17,741.

### REFERENCES:

Institutional Agreement, Article II, Section J  
Cal Grant Manual, Chapter 4, pages 4-2 and 4-3  
Cal Grant Manual, Chapter 5, page 5-15

### REQUIRED ACTION:

No liability resulted due to the high unmet need. The financial aid office must update the Cal Grant policies and procedures to ensure the renewal Cal Grant unmet need to correctly calculate using Commission guidelines and documented in the student financial aid records.

### AUDITOR REPLY:

The institution supplied updated Cal Grant policies and procedures to ensure the renewal Cal Grant unmet need is correctly calculate using Commission guidelines and documented in the student financial aid records, this action is deemed acceptable and no further action is required.

#### F. FISCAL RESPONSIBILITY

#### **FINDING: Reconciliation Not Completed**

A review of institutional records revealed that Cal Grant funds were not reconciled for the 2000-01 award year.

#### **DISCUSSION:**

Institutions participating in Cal Grant programs are required to reconcile their accounts with the funds received from the Commission for each academic year. Institutions are directed to make all disbursements no later than September 30<sup>th</sup> following the award year (e.g., September 20, 2001 for the 2000-01 award year). Furthermore, participating institutions agree to use the advance funds solely for the administration of the Cal Grant programs. Upon receipt of Cal Grant funds from the Commission, the institution must determine and verify student eligibility prior to disbursing funds.

## FINDINGS AND REQUIRED ACTIONS (continued)

Should the institution's records of individual payments to eligible student be less than what the Commission paid, the institution must return the difference to the Commission. Additionally, the institution will bear the liability for payments not reported prior to the required reconciliation date.

For the 2000-01 award year, the Commission advanced and the institution reported \$5,969,710 in payments. Upon further examination of the institution's 2000-01 Selected Fee Report, and engagement materials returned for review (Reconciliation Form and School Disk of Recipients), it was determined that the institution data did not report \$97,024 in Cal Grant payments to the Commission prior to the year-end reconciliation. Therefore, the University of San Diego bears the liability of \$97,024 for the unreported payments listed below.

NO.	P	FALL CSAC	FALL SCHOOL	SPRING CSAC	SPRING SCHOOL	TOTAL CSAC	TOTAL SCHOOL	UNREPORTED PAYMENTS
R1	A	\$4,854	\$4,854	\$0	\$4,854	\$4,854	\$9,708	\$4,854
R2	A	\$0	\$4,518	\$0	\$4,518	\$0	\$9,036	\$9,036
R3	A	\$0	\$3,582	\$0	\$3,582	\$0	\$7,164	\$7,164
R4	A	\$0	\$4,092	\$0	\$4,092	\$0	\$8,184	\$8,184
R5	A	\$4,710	\$4,710	\$3,532	\$4,710	\$8,242	\$9,420	\$1,178
R6	A	\$0	\$0	\$0	\$4,854	\$0	\$4,854	\$4,854
R7	A	\$0	\$4,710	\$0	\$4,710	\$0	\$9,420	\$9,420
R8	A	\$4,710	\$4,854	\$4,710	\$4,854	\$9,420	\$9,708	\$288
R9	B	\$4,356	\$4,356	\$1,090	\$4,356	\$5,446	\$8,712	\$3,266
R10	A	\$0	\$0	\$0	\$4,854	\$0	\$4,854	\$4,854
R11	A	\$0	\$4,518	\$0	\$4,518	\$0	\$9,036	\$9,036
R12	A	\$0	\$3,582	\$0	\$3,582	\$0	\$7,164	\$7,164
R13	A	\$2,046	\$4,092	\$0	\$0	\$2,046	\$4,092	\$2,046
R14	B	\$5,292	\$5,628	\$5,292	\$5,628	\$10,584	\$11,256	\$672
R15	A	\$0	\$4,092	\$0	\$4,092	\$0	\$8,184	\$8,184
R16	A	\$0	\$3,582	\$0	\$0	\$0	\$3,582	\$3,582
R17	A	\$4,710	\$4,854	\$4,710	\$4,854	\$9,420	\$9,708	\$288
R18	A	\$0	\$0	\$0	\$3,582	\$0	\$3,582	\$3,582
R19	A	\$4,854	\$4,854	\$0	\$4,854	\$4,854	\$9,708	\$4,854
R20	A	\$0	\$4,518	\$4,518	\$4,518	\$4,518	\$9,036	\$4,518
<b>TOTAL UNREPORTED PAYMENTS</b>								<b>\$97,024</b>

*P column = A for Cal grant A and B for Cal Grant B*

In addition, the school did not disburse \$31,518 in Cal Grant funds as illustrated in the chart below.

NO.	P	FALL CSAC	FALL SCHOOL	SPRING CSAC	SPRING SCHOOL	TOTAL CSAC	TOTAL SCHOOL	UNDISBURSED FUNDS
D1	B	\$4,866	\$4,866	\$4,866	\$0	\$9,732	\$4,866	\$4,866
D2	A	\$4,518	\$4,518	\$4,518	\$0	\$9,036	\$4,518	\$4,518
D3	A	\$4,854	\$0	\$0	\$0	\$4,854	\$0	\$4,854
D4	A	\$0	\$0	\$4,710	\$0	\$4,710	\$0	\$4,710



## FINDINGS AND REQUIRED ACTIONS (continued)

NO.	P	FALL CSAC	FALL SCHOOL	SPRING CSAC	SPRING SCHOOL	TOTAL CSAC	TOTAL SCHOOL	UNDISBURSED FUNDS
D5	A	\$3,389	\$3,389	\$3,389	\$3,388	\$6,778	\$6,777	\$1
D6	A	\$4,854	\$0	\$0	\$0	\$4,854	\$0	\$4,854
D7	A	\$0	\$0	\$4,854	\$4,348	\$4,854	\$4,348	\$506
D8	A	\$4,710	\$4,710	\$2,355	\$0	\$7,065	\$4,710	\$2,355
D9	A	\$4,854	\$0	\$4,854	\$4,854	\$9,708	\$4,854	\$4,854
<b>TOTAL UNDISBURSED PAYMENTS</b>								<b>\$31,518</b>

*P column = A for Cal grant A and B for Cal Grant B*

In summary, the comparison of the University of San Diego's 2000-01 documentation resulted in the reconciliation shown on the following table on page 9.

<b>2000-01 Cal Grant Reconciliation</b>		
CSAC Advance		\$5,969,710
School Disbursed per Recon Form	\$6,035,216	
Less: Unreported Payments	\$97,024	
Total Reimbursable Amount		\$5,938,192
Amount Due CSAC		\$31,518
Less: Funds Returned 11/25/02		\$31,518
Remaining Balance Due CSAC		\$0

During the review period, the University of San Diego transferred \$432,151 from the Cal Grant A account to Cal Grant T and Graduate Fellowship funds for the 2000-01, 1999-00, 1998-99 and 1997-98 award years.

The auditor analyzed the transfer documentation and it was determined that undisbursed payments existed in the 1999-00 award year for the students listed in the table below.

NO.	CSAC PAID	SCHOOL PAID	UNDISBURSED FUNDS
99-1	\$1,130	\$0	\$1,130
99-2	\$4,710	\$0	\$4,710
Total			<b>\$5,840</b>

### REFERENCES:

California Education Code, 69535.5  
 Institutional Agreement, Article III.B.  
 Institutional Agreement, Article III.C.  
 Cal Grant Manual, Chapter 6  
 Cal Grant Manual, Chapter 9, pages 9-6, 9-7, 9-11

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## FINDINGS AND REQUIRED ACTIONS (continued)

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### REQUIRED ACTION:

The institution remitted the undisbursed funds in the amount of **\$31,518** for the 2000-01 award year on November 25, 2002 with warrant No. 238972 dated November 11, 2002. For the 1999-00 award year, the school must return the undisbursed Cal Grant T payments of **\$5,840** existed for student Nos. 99-1 (\$1,130) and 99-2 (\$4,710) in its response to this report.

Additionally, the institution is required to submit written procedures and internal control measures that will be implemented to ensure that the institution reconciles its records as required by the Institutional Agreement and the Cal Grant Manual. The procedures must include time frames, staff titles, and specific areas of responsibilities as it relates to the Cal Grant reconciliation process.

### AUDITOR REPLY:

The institution returned \$5,840 on warrant No. 253252 dated March 21, 2003 and the required policies and procedures, this action is deemed acceptable and no further action is required.

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## ATTACHMENT A - STUDENT SAMPLE

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